



SARBANES SEMINAR

THE AMERICAN RESCUE PLAN'S
CHILD TAX CREDIT FOR MARYLAND FAMILIES

Creating Assets, Savings and Hope



CASH
CAMPAIGN
OF MARYLAND

Advanced Child Tax Credit

What is the Child Tax Credit?

The Child Tax Credit is a credit received when filing a tax return on your Form 1040

For families with child dependents

Old vs 2021 Child Tax Credit

Old Credit:

- \$2,000
- Up to \$1,400 was refundable (Additional CTC) and was not limited to paying taxes.
- For dependents under age 17

New Credit (for 2021 Only)

- \$3,600 age 5 and under
- \$3,000 age 6-17
- 100% refundable: if you have no taxes, you still receive the credit
- Half may be paid through advanced payments July – December 2021

Who is eligible in 2021?

Qualifying child:

- Relationship
 - Child does not pay more than ½ their support
 - Child lives with taxpayer more than ½ the year
 - Child is taxpayer's dependent
 - Child does not file as married filing jointly
 - Child is US citizen, US National or resident alien
 - Under age 18
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- Taxpayer must have SSN or ITIN
 - Child must have SSN that is “valid for employment”

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Advanced Payments

Half of Child Tax Credits available for 2021 will be paid early,
between July 2021 and December 2021

Paid automatically if taxpayer was eligible on 2020 return (or
2019 if that was last return filed)

What is the monthly amount of Advance Payments?

Child under 5

- Up to \$300 per month
 - Based on \$3,600 credit

Math:

- $\$3600/2 = \1800
- $\$1800/6\text{mos} =$
\$300 per month

Child under 18

- Up to \$250 per month
 - Based on \$3,000 credit

Tools, Portals and Info

IRS Non-Filer Tool

- For those who do not file tax returns but are eligible for the credit.

IRS Child Tax Credit Update Portal.

- Available now: Unenrollment from the advanced payments.
- Available later: update information such as direct deposit numbers, marital status, change in income or number of qualifying children.

Information Resources:

- **IRS Toolkit:** Pub 5537 IRS Toolkit for Partners: Advance Payments of the 2021 Child Tax Credit
- **FAQ's:** 2021 Child Tax Credit and Advance Child Tax Credit Payments Frequently Asked Questions

NOTE: Many of the IRS tools are being added and updated. They may change soon after this presentation.

Tax Preparation

Tax preparation software:

- **IRS Free File:** <https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free>
- **CASH Campaign website:** <https://cashmd.org/>

Tax preparation:

- [The CASH Campaign Summer Tax Credit Events](#)
- [IRS Advance Child Tax Credit Free Tax Prep Day](#)

Phaseouts

\$2,000 limit if AGI is above

- \$150,000 MFJ or widow/er
- \$112,500 Head of Household
- \$75,000 Single or MFS

Further reductions if income is above

- \$400,000 if MFJ
- \$200,000 all other status
 - (\$50 reduction for each \$1,000 increase in AGI)

What happens if the IRS pays me too much Advanced Child Tax Credit?

It will be reconciled when filing the 2021 tax return

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